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**FISCAL IMPACT STATEMENT**

**LS 6230**

**BILL NUMBER:** SB 87

**NOTE PREPARED:** Mar 2, 2006

**BILL AMENDED:** Feb 23, 2006

**SUBJECT:** Energy, agriculture, and rural development rules.

**FIRST AUTHOR:** Sen. Jackman

**FIRST SPONSOR:** Rep. Gutwein

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill allows the Office of the Lieutenant Governor to adopt rules to carry out the Office's duties relating to energy policy, the Center for Coal Technology Research, and the Recycling and Energy Development Board. The bill changes the name of the Office of Rural Affairs to the Office of Community and Rural Affairs and makes conforming changes. This bill allows the Office of Community and Rural Affairs and the Department of Agriculture to adopt rules. It creates an Advisory Board for the Office of Community and Rural Affairs. The bill also creates the Rural Economic Development Fund. This bill repeals the Rural Development Administration Fund, and the Rural Development Council Fund and transfers the balances of the funds to the Rural Economic Development Fund. The bill removes the requirement that a member of the Tourism Council represents a rural community and changes the requirement for a quorum for the council. The bill also repeals the Rural Development Council and repeals the requirement that a member of the Council is a member of the Tobacco Farmers and Rural Community Impact Fund Advisory Board.

The bill also provides that certain state actions that result in the closure of an enclosed hunting facility are considered takings that require compensation if the owner of the enclosed hunting facility meets all legal requirements for the operation of the facility. It requires the Department of Natural Resources to commission an independent appraiser to determine the amount of compensation and to compensate the owner of the facility.

**Effective Date:** (Amended) Upon passage. July 1, 2006.

**Explanation of State Expenditures:** This bill changes the name of the Office of Rural Affairs to the Office of Community and Rural Affairs (OFCRA), and creates an advisory board for the OFCRA. The bill also repeals the Rural Development Council, and both the Rural Development Administration Fund and the Rural

Development Council Fund; and shifts the money from those funds to the new Rural Economic Development Fund. These changes are not expected to net any increase in administrative costs.

(Revised) Under this bill, if an enclosed hunting facility is closed:

- (1) by the state;
- (2) as a result of revocation of a license by the Department of Natural Resources (DNR) which has the effect of precluding operation of the enclosed hunting facility; or
- (3) by DNR's failure to renew a license which has the effect of precluding operation of the enclosed hunting facility;

then a taking has occurred and the bill requires compensation to be paid to the owner of the facility. The fiscal impact of this provision is indeterminable. It will ultimately depend upon the number of closures of these facilities that occur as a result of state action and the value of the facility or facilities which are closed.

The bill requires the DNR to commission an independent appraiser to determine the amount of compensation and to compensate the owner of an enclosed hunting facility which closes as a result of state action. It is anticipated that the DNR could implement this provision through the use of existing staff and resources.

**Explanation of State Revenues:** This bill:

- (1) changes the name of the Office of Rural Affairs to the Office of Community and Rural Affairs (OFCRA);
- (2) creates an advisory board for the OFCRA;
- (3) repeals the Rural Development Council, and both the Rural Development Administration Fund and the Rural Development Council Fund; and
- (4) shifts the money from those funds to the new Rural Economic Development Fund.

As of January 19, 2006, those funds had a balance of \$3.7 M and \$1.7 M. These funds do not revert to the state General Fund at the end of the fiscal year. The money in these funds was appropriated by the General Assembly from the Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3).

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of the Lieutenant Governor; Department of Natural Resources.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Adam Brown, 317-232-9854.